

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.)

|  |   |  |   |   |                                      |                        |                                |                  |  |  |                                  |                 |
|--|---|--|---|---|--------------------------------------|------------------------|--------------------------------|------------------|--|--|----------------------------------|-----------------|
| 1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | 2. NAME OF OPERATOR<br>DUGAN PRODUCTION CORP.                         | 3. ADDRESS OF OPERATOR<br>P.O. Box 5820, Farmington, NM 87499-5820 | 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)<br>At surface<br>2150' FSL & 800' FEL | 5. LEASE DESIGNATION AND SERIAL NO.<br>NM-42059 | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | 7. UNIT AGREEMENT NAME | 8. FARM OR LEASE NAME<br>Champ | 9. WELL NO.<br>5 | 10. FIELD AND POOL, OR WILDCAT<br>South Bisti Gallup | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA<br>Sec. 5, T23N, R10W, NMPM | 12. COUNTY OR PARISH<br>San Juan | 13. STATE<br>NM |
| 14. PERMIT NO.   | 15. ELEVATIONS (Show whether DF, RT, GR, etc.)<br>6530' GL; 6542' RKB |  |   |   |                                      |                        |                                |                  |  |  |                                  |                 |

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

| NOTICE OF INTENTION TO: |                          | SUBSEQUENT REPORT OF:              |                                     |
|-------------------------|--------------------------|------------------------------------|-------------------------------------|
| TEST WATER SHUT-OFF     | <input type="checkbox"/> | WATER SHUT-OFF                     | <input type="checkbox"/>            |
| FRACTURE TREAT          | <input type="checkbox"/> | REPAIRING WELL                     | <input type="checkbox"/>            |
| SHOOT OR ACIDIZE        | <input type="checkbox"/> | ALTERING CASING                    | <input type="checkbox"/>            |
| REPAIR WELL             | <input type="checkbox"/> | ABANDONMENT*                       | <input type="checkbox"/>            |
| (Other)                 | <input type="checkbox"/> | (Other) TD, 4 1/2" casing & cement | <input checked="" type="checkbox"/> |

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) \*

T.D. 4641' reached on 12-13-88. Finished running logs by Halliburton Logging Services. T.I.H. and conditioned mud. Laid down drill pipe and drill collars. Rigged up and ran 119 jts. 4 1/2" OD, 10.5#, J-55, 8 Rd, ST&C casing (T.E. 4666.67') set @ 4643' RKB. Cemented first stage by pumping 10 bbls mud flush followed by 200 sx 50-50 pos + 2% gel and 1/4# celloflake/sk (total cement slurry first stage = 245 cu.ft.). Reciprocated casing OK while cementing. Had full mud returns while cementing. Bumped plug with 1200 psi-float held OK. Dropped opening bomb. Opened stage tool @ 3539'. Circulated 2 1/2 hours with rig pump. Pumped 10 bbls mud flush. Cemented 2nd stage with 610 sx 65-35 + 12% gel and 1/4# celloflake/sk followed by 50 sx 50-50 pos + 2% gel and 1/4# celloflake/sk (total cement slurry 2nd stage = 1411 cu.ft.). Total cement slurry used in both stages = 1656 cu.ft.). Full returns while cementing. Circulated trace of cement to surface. Closed stage tool with 2500 psi. P.O.B. @ 6:15 PM 12-13-88. Nipped down BOP, set 4 1/2" casing slips, cut off casing and released rig @ 8:15 PM 12-13-88.

I hereby certify that the foregoing is true and correct

|  |                        |                      |
|--|------------------------|----------------------|
| SIGNED <u>Jim L. Jacobs</u>                  | TITLE <u>Geologist</u> | DATE <u>12-14-88</u> |
| (This space for Federal or State office use) |                        |                      |
| APPROVED BY _____                            | TITLE _____            | ACCEPTED FOR RECORD  |
| CONDITIONS OF APPROVAL, IF ANY:              |                        | DEC 20 1988          |

\*See Instructions on Reverse Side

FARMINGTON RESOURCE AREA